



**Health Services**  
LOS ANGELES COUNTY

**Los Angeles County  
Board of Supervisors**

March 6, 2009

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TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D.   
Interim Director

**SUBJECT: ADVANCED NOTIFICATION OF SOLE-SOURCE  
AGREEMENT NEGOTIATIONS WITH HYGIA HEALTH  
SERVICES, INC. AND STERILMED, INC.**

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*To improve health  
through leadership,  
service and education.*

This is to advise your Board that in two weeks time the Department of Health Services (DHS) intends to enter into sole source agreement negotiations with two firms, Hygia Health Services, Inc. and SterilMed, Inc., for the reprocessing of certain types of medical devices used at DHS facilities. Board Policy 5.100 requires written notice of a department's intent to enter into sole source negotiations for agreements over \$250,000.

Hygia Health Service, Inc. offers reprocessing of non-invasive single use medical supplies such as blood pressure cuffs, infusor bags, and surgical tourniquets. The process involves collection, cleaning, high level disinfection, re-labeling, and tracking of the medical devices for subsequent reuse. DHS would be able to purchase the reprocessed items at a discounted price and would receive credits for any items submitted for reprocessing but not purchased. Hygia has a current agreement with the University HealthSystem Consortium (UHC) that was the result of the UHC's competitive bid process. As a member of the UHC, DHS has the ability to access the UHC agreements as an alternative to conducting a competitive solicitation.

SterilMED, Inc. provides reprocessing of non-invasive and invasive single use medical devices. Invasive devices are typically surgical and medical instruments used in operating rooms. Reprocessing involves refurbishing, cleaning, repackaging, resterilizing, and relabeling the medical devices. DHS would be responsible for collecting the devices and performing an initial decontamination procedure prior to submitting the devices to SterilMed. The UHC has an agreement with a different firm for reprocessing invasive medical devices. DHS compared SterilMed's offerings and processes with UHC's contracted vendor and performed a comparative cost analysis of both based on typical device usage.



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DHS is recommending negotiations with SterilMed because the firm reprocesses more categories of product than the UHC vendor and therefore could achieve higher cost savings for the Department. In addition, SterilMed's collection method supports DHS processes to initially clean devices of biological contamination and is deemed more acceptable by DHS infection control staff to uphold current standards of infection control practices than the UHC vendor's practice of collecting devices without any initial decontamination.

Negotiating these agreements will enable DHS to implement a reprocessing program that maximizes the life of targeted devices and reduces the amount of items entering the medical waste stream thereby reducing costs. It is in the best interest of the County to enter into these sole source negotiations in order to implement a cost saving reprocessing program in DHS in an expedient manner. DHS will proceed with the sole source negotiations with Hygia Health Services, Inc. and SterilMed, Inc, within two weeks from the date of this memo unless the department is instructed otherwise by your Board.

If you have any questions, please let me know.

JFS:kh

C: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors